

**ELWOOD PUBLIC LIBRARY**

**FINANCIAL REPORT**  
**WITH**  
**ADDITIONAL INFORMATION**

**JUNE 30, 2022**

# **ELWOOD PUBLIC LIBRARY**

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Trustees and the Director  
Elwood Public Library  
1929 Jericho Turnpike  
East Northport, New York 11731

### **Opinions**

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Elwood Public Library (the "Library") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Elwood Public Library, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Elwood Public Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Elwood Public Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

**INDEPENDENT AUDITOR'S REPORT**  
**(Continued)**

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.


In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Elwood Public Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Elwood Public Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of library pension contributions and the schedule of changes in the Library's total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

  
Certified Public Accountants  
Stewart Manor, New York  
October 20, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Using This Annual Report

This annual report consists of three parts- *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that present two different views of the Library:

- The first three columns of these financial statements include information on the Library's funds under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *government-wide financial statement* columns provide both long-term and short-term information about the Library's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**Condensed Financial Information:**

The table below compares key financial information in a condensed format between the current year and the prior year, in thousands of dollars:

	June 30, 2022	June 30, 2021	Increase (Decrease)
Assets:			
Current assets	\$ 1,402	\$ 1,365	\$ 37
Net pension asset	167	0	167
Right to use assets	1,817	2,096	(279)
Capital assets	<u>8</u>	<u>13</u>	<u>(5)</u>
Total Assets	<u>3,394</u>	<u>3,474</u>	<u>(80)</u>
Deferred Outflow of Resources	<u>643</u>	<u>689</u>	<u>(46)</u>
Liabilities:			
Long-term debt	3,209	3,645	(436)
Other liabilities	<u>45</u>	<u>72</u>	<u>(27)</u>
Total Liabilities	<u>3,254</u>	<u>3,717</u>	<u>(463)</u>
Deferred Inflow of Resources	<u>1,059</u>	<u>772</u>	<u>287</u>
Net Position:			
Net investment in capital assets	8	13	(5)
Unrestricted	<u>(284)</u>	<u>(339)</u>	<u>55</u>
Total Net Position	<u>\$ (276)</u>	<u>\$ (326)</u>	<u>\$ 50</u>
Revenue:			
Tax revenues	\$ 1,636	\$ 1,604	\$ 32
Other revenue	<u>76</u>	<u>26</u>	<u>50</u>
Total Revenue	1,712	1,630	82
Expenses - Library Services	<u>1,662</u>	<u>1,639</u>	<u>23</u>
Change in net position	50	(9)	59
Net position - beginning of year	<u>(326)</u>	<u>(317)</u>	<u>(9)</u>
Net Position - End of Year	<u>\$ (276)</u>	<u>\$ (326)</u>	<u>\$ 50</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(Continued)**

#### **The Library As A Whole**

- The Library's net position increased by \$49,913 this year. The primary reason for this increase is detailed within the Statement of Activities on page eleven.
- The Library's primary source of revenue is from property taxes, which represents 96 percent of total revenue. In the prior year property taxes represented 98 percent of Library's total revenue.
- As is typical of service agencies, salaries and benefits are a significant expense of the Library, representing 58 percent of the Library's total expenses. In the prior year they represented 60 percent of the Library's total expenses.

#### **The Library Funds:**

Our analysis of the Library's major funds is included in the first three columns of pages 9 through 11 on the respective statements. The fund columns provide detailed information about the most significant funds – not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. Currently, the Library has two funds, the General Fund, and the Capital Projects Fund.

The fund balance of the General Fund increased from \$1,028,443 to \$1,043,209. This is primarily the result of the budgetary highlights described below. The fund balance of the Capital Fund increased during the year from \$263,980 to \$314,383.

#### **Budgetary Highlights:**

The following are explanations for the significant variations between the Library's final budget and the actual results of the General Fund:

- The budget line for hospital and medical insurance was underspent because employees who were eligible for health coverage, declined it.
- The budget line for NY State retirement was underspent by \$13,198. The Library attributes this to budgeting for these costs a year in advance based upon projected salaries. However, due to employee turnover, these costs were lower than anticipated.
- The budget line for Children's programs was underspent by \$7,002. Due to the pandemic, many of the anticipated on-site programs could not be scheduled.
- The budget line for building service contracts was overspent by \$16,708. The Library attributes this to the fact that common charges associated with the leased space increased more than anticipated.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Continued)**

**Budgetary Highlights: (Continued)**

- The favorable variance in the budget line for rent is directly related to the unfavorable variance in the debt service budget section. Due to the issuance of Governmental Accounting Standard No. 87, the Library was required reclassify its obligation for leases to long-term debt. As a result, the monthly lease payments were required to be classified as principal and interest payments within the debt service budget section.
- The budget line for facility repair and maintenance was overspent because the Library was required to make unanticipated repairs to its HVAC system.

**Capital Assets and Debt Administration:**

Capital outlay totaled \$0 for the current year.

The only long-term debt that the Library has is to its employees for compensated absences, its obligation for other post-employment benefits and its lease liability. The net pension liability reported in the prior year of \$2,169 reversed and became a net pension asset of \$166,520 at June 30, 2022. The liability for compensated absences at June 30, 2022 was \$69,659. This represents an increase of \$8,829 from the previous year. The obligation for other post-employment benefits at June 30, 2022 was \$1,323,092. This represents a decrease of \$162,920 from the previous year. The Library also made principal payments of \$279,440 on its lease liability reducing the debt at June 30, 2022 to \$1,816,576.

**Currently Known Conditions:**

The anticipated tax revenues for the 2022-2023 fiscal year are \$1,668,938. This represents a 2.00% tax increase as compared to the 2021-2022 fiscal year budget.



**ELWOOD PUBLIC LIBRARY**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments (Note 11)</u>	<u>Statement of Net Position</u>
<b>Assets:</b>					
Cash and cash equivalents:					
Checking and money market	\$ 995,081	\$ 314,344	\$ 1,309,425	\$	\$ 1,309,425
Petty cash	300		300		300
<b>Total cash and cash equivalents</b>	<u>995,381</u>	<u>314,344</u>	<u>1,309,725</u>	<u>0</u>	<u>1,309,725</u>
Prepaid expenses	55,606		55,606		55,606
Accrued interest receivable	78	39	117		117
Payments in lieu of taxes receivable	12,079		12,079		12,079
Deposits	25,000		25,000		25,000
Net pension asset (note 8)				166,520	166,520
Right to use lease assets, net of amortization (note 4)				1,816,576	1,816,576
Capital assets, net of depreciation				8,452	8,452
<b>Total Assets</b>	<u>1,088,144</u>	<u>314,383</u>	<u>1,402,527</u>	<u>1,991,548</u>	<u>3,394,075</u>
<b>Deferred Outflows of Resources:</b>					
Deferred outflow on other post- employment benefits				332,014	332,014
Deferred outflow on pension				311,768	311,768
<b>Total Deferred Outflows of     Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>643,782</u>	<u>643,782</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 1,088,144</u>	<u>\$ 314,383</u>	<u>\$ 1,402,527</u>	<u>\$ 2,635,330</u>	<u>\$ 4,037,857</u>

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments (Note 11)</u>	<u>Statement of Net Position</u>
<b>Liabilities:</b>					
Accounts payable	\$ 14,182	\$	\$ 14,182	\$	\$ 14,182
Accrued payroll	13,604		13,604		13,604
Accrued retirement	17,149		17,149		17,149
Non-current liabilities:					
Lease liability (note 9)				1,816,576	1,816,576
Compensated absences payable				69,659	69,659
Obligation for other post-employment benefits				1,323,092	1,323,092
<b>Total Liabilities</b>	<u>44,935</u>	<u>0</u>	<u>44,935</u>	<u>3,209,327</u>	<u>3,254,262</u>
<b>Deferred Inflows of Resources:</b>					
Deferred inflow on other- post employment benefits				478,309	478,309
Deferred inflow on pension				581,161	581,161
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,059,470</u>	<u>1,059,470</u>
<b>Fund Balances/Net Position:</b>					
Nonspendable	80,606		80,606	(80,606)	
Assigned for capital projects		314,383	314,383	(314,383)	
Unassigned	962,603		962,603	(962,603)	
<b>Total Fund Balance</b>	<u>1,043,209</u>	<u>314,383</u>	<u>1,357,592</u>	<u>(1,357,592)</u>	
<b>Total Liabilities, Deferred Inflows of Resources And Fund Balances</b>	<u>\$ 1,088,144</u>	<u>\$ 314,383</u>	<u>\$ 1,402,527</u>		
<b>Net Position:</b>					
Net investment in capital assets				8,452	8,452
Unrestricted				(284,327)	(284,327)
<b>Total Net Position</b>				<u>\$ (275,875)</u>	<u>\$ (275,875)</u>

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL**  
**FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments (Note 11)</u>	<u>Statement of Activities</u>
<b>Revenues:</b>					
Tax revenues	\$ 1,636,214	\$	\$ 1,636,214	\$	\$ 1,636,214
Fines and other fees	37		37		37
Payments in lieu of taxes	12,079		12,079		12,079
NY State aid and grants	3,814		3,814		3,814
Interest income	1,053	403	1,456		1,456
Lost materials	1,307		1,307		1,307
Copier	1,337		1,337		1,337
Gifts and donations	976	50,000	50,976		50,976
E-rate discount	5,385		5,385		5,385
<b>Total Revenues</b>	<u>1,662,202</u>	<u>50,403</u>	<u>1,712,605</u>	<u>0</u>	<u>1,712,605</u>
<b>Expenditures/Expenses For</b>					
<b>Library Services:</b>					
Salaries and benefits	948,210		948,210	10,366	958,576
Library materials	138,331		138,331		138,331
Programs	31,409		31,409		31,409
Professional services	14,783		14,783		14,783
Library operations	75,804		75,804		75,804
Building operations	109,067		109,067		109,067
Depreciation				4,890	4,890
Amortization				279,440	279,440
Debt service:					
Principal	279,440		279,440	(279,440)	
Interest	50,392		50,392		50,392
<b>Total Expenditures/Expenses</b>	<u>1,647,436</u>	<u>0</u>	<u>1,647,436</u>	<u>15,256</u>	<u>1,662,692</u>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	14,766	50,403	65,169	(15,256)	
<b>Other Financing Sources/(Uses):</b>					
Transfers - internal activities	<u>0</u>	<u>0</u>	<u>0</u>		
<b>Excess (Deficiency) Of Revenues And Transfers In Over Expenditures</b>	14,766	50,403	65,169	(65,169)	
<b>Change In Net Position</b>				49,913	49,913
Fund balance/net position- beginning of year	<u>1,028,443</u>	<u>263,980</u>	<u>1,292,423</u>	<u>(1,618,211)</u>	<u>(325,788)</u>
<b>Fund Balance/Net Position- End Of Year</b>	<u>\$ 1,043,209</u>	<u>\$ 314,383</u>	<u>\$ 1,357,592</u>	<u>\$ (1,633,467)</u>	<u>\$ (275,875)</u>

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1: Summary of Significant Accounting Policies**

The accounting policies of Elwood Public Library conform to accounting principles generally accepted in the United States of America as applicable to governmental units. Accordingly, in June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Some of the significant changes in the statement include the following:

- A Management’s Discussion and Analysis section providing an analysis of the Library’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Library’s activities.
- A change in the fund financial statements to focus on the major funds.

The following is a summary of the significant accounting policies:

- A. **Reporting Entity:** On April 29, 2003 the Board of Regents formally voted to grant a provisional charter to the Elwood Public Library, which became permanent on December 9, 2005. The Board of Trustees is responsible for the approval of the annual budget and oversight of the Library management’s control and disbursement of funds and maintenance of assets. The Library’s management is solely responsible for day-to-day operations. The Library coordinates the raising of its real estate tax revenues with the Elwood Union Free School District.
- B. **Management Focus, Basis of Accounting and Financial Statement Presentation:** The Library’s basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library’s major funds).

**Government-Wide Financial Statements:** The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund governmental activity has been eliminated from the government-wide financial statements.

The Statement of Net Position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position are reported in three parts- net investment in capital assets; restricted net position; and unrestricted net position.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1: Summary of Significant Accounting Policies (continued)**

**B. Management Focus, Basis of Accounting and Financial Statement Presentation:**  
**(continued)**

**Fund Financial Statements:** Governmental fund financial statements are reported using the modified accrual basis of accounting prescribed by the Governmental Accounting Standards Board and the State of New York's Department of Audit and Control, Division of Municipal Affairs. Under this method, revenues are recognized in the period in which they become both measurable and available. The Library considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after fiscal year end, except for real property taxes, which are considered to be available if they are collected within sixty days after the end of the fiscal year. Fees and other income items other than interest income are recorded when received in cash. Expenditures are recognized in the period in which the liability is incurred. However, debt service expenditures, if applicable, are recorded only when a payment is due. The Library reports on the following funds:

**General Fund:** This fund is established to account for resources devoted to the general services that the Library performs for its taxpayers. General tax revenues and other sources of revenues used to finance the fundamental operation of the Library are included in this fund.

**Capital Projects Fund:** This fund is used to account for resources devoted to major capital improvements of the Library.

**C. Interfund Transactions:** The operations of the Library include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Library typically loans resources between funds for cash flow purposes. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted General Fund revenues to finance various expenditures that the Library must account for in other funds in accordance with budgetary authorizations.

**D. Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1:**     **Summary of Significant Accounting Policies (continued)**

E.     **Right to Use Assets:**     The Library has recorded right to use lease assets as a result of implementing GASB No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized over the terms of the related leases and at the same rate as the lease payment schedule.

F.     **Fund Balance Classifications:**     The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* that defines the different types of fund balances that a governmental entity must use for financial reporting purposes. They are as follows:

**Nonspendable:**     This includes amounts that cannot be spent because they are either not in spendable form (i.e., inventories, prepaid expenses, etc.) or they are legally or contractually required to be maintained intact.

**Restricted:**     This includes amounts with constraints placed on the use of resources. These constraints can be externally imposed by creditors, grantors, contributors, or imposed by laws and regulations.

**Committed:**     This includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Library's Board. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

**Assigned:**     This includes amounts that are constrained by the Library's intent to be used for specific purposes but are neither restricted nor committed. The Library Board is not required to impose or remove the constraint. Assignments of fund balance cannot be made if it would result in a negative unassigned fund balance.

**Unassigned:**     This includes the residual classification for the Library's general fund. This classification represents fund balance that has not been assigned to other funds, assigned for specific purposes, restricted, or committed.

G.     **Order of Use of Restricted/Unrestricted Net Position and Fund Balance:**     When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Library's policy is to apply restricted net position first. Expenditures incurred from unrestricted resources are applied to committed fund balance as determined by the Board, then to assigned fund balance, and then to the unassigned fund balance.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1:**     **Summary of Significant Accounting Policies (continued)**

- H.     Cash and Cash equivalents:**     The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of three months or less.
- I.     Investments:**     The Library's investment policies are governed by State statutes and its own written investment policy. Permissible investments for the Library include special time deposit accounts, certificates of deposit and obligations of the United States of America.
- J.     Capital Assets:**     Capital assets are defined by the Library as assets with an initial cost of \$500 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Library books and materials are not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	5 years
Furniture	7 years
Leasehold improvements	1 month to 10 years (life of the lease)

**NOTE 2:**     **Concentration of Credit Risk**

The Library maintains all of its cash balances at two banks. At year end, the Library's carrying amount of deposits was \$1,309,425 (excludes petty cash) and the bank balance was \$1,342,022. Of the bank balance, \$500,000 was covered by federal depository insurance and \$842,022 was covered by collateral held by the Library's agent.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3: Capital Assets**

A summary of changes in general fixed assets is as follows:

	<b>Balance as of 7/1/2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance as of 6/30/2022</b>
<b>Assets being depreciated:</b>				
Leasehold improvements	\$ 663,642	\$ 0	\$ 0	\$ 663,642
Computer equipment	69,913	0	0	69,913
Other equipment	17,826	0	0	17,826
Furniture and fixtures	107,071	0	0	107,071
Total	858,452	0	0	858,452
Accumulated depreciation	(845,110)	(4,890)	0	(850,000)
Net Book Value	\$ 13,342	\$ (4,890)	\$ 0	\$ 8,452

**NOTE 4: Right to Use Leased Assets**

The Library has recorded two right to use leased assets. One of the leases was for real estate and the other was for copier equipment. These right to use assets are amortized over the terms of the related leases and at the same rate as the lease payment schedule.

The following is a summary of the right to use asset activity for the year ended June 30, 2022:

	<b>Balance as of 7/1/2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance as of 6/30/2022</b>
Right to use assets:				
Leased real estate	\$ 2,925,413	\$ 0	\$ 0	\$ 2,925,413
Leased copier equipment	13,290	0	0	13,290
Subtotal	2,938,703	0	0	2,938,703
Less accumulated amortization for:				
Leased real estate	(836,913)	(276,767)	0	(1,113,680)
Leased copier equipment	(5,774)	(2,673)	0	(8,447)
Right to use assets, net	\$ 2,096,016	\$ (279,440)	\$ 0	\$ 1,816,576



**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5:      Change in Accounting Principle**

Effective July 1, 2021, the Library adopted GASB No. 87, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use asset, thereby enhancing the relevance and consistency of information about its leasing activities. The Library retroactively adjusted its opening balances to record the liability and the right to use asset. However, there was no effect on the balance of the Library's opening net position.

**NOTE 6:      Long Term Debt**

The following is a summary of changes in long-term debt for the period ended June 30, 2022:

	<b>Balance</b>			<b>Balance</b>	<b><u>Non-current liabilities</u></b>	
	<b><u>7/1/2021</u></b>	<b><u>Increases</u></b>	<b><u>Reductions</u></b>	<b><u>6/30/2022</u></b>	<b><u>Due within</u></b>	<b><u>Due after</u></b>
					<b><u>one year</u></b>	<b><u>one year</u></b>
Compensated absences	\$ 60,830	\$ 8,829	\$ 0	\$ 69,659	\$ 0	\$ 69,659
Lease liability	2,096,016	0	279,440	1,816,576	286,677	1,529,899
Net pension liability	2,169	0	2,169	0	0	0
Other post-employment benefits payable	<u>1,486,012</u>	<u>0</u>	<u>162,920</u>	<u>1,323,092</u>	<u>0</u>	<u>1,323,092</u>
	<u>\$ 3,645,027</u>	<u>\$ 8,829</u>	<u>\$ 444,529</u>	<u>\$ 3,209,327</u>	<u>\$ 286,677</u>	<u>\$ 2,922,650</u>

**NOTE 7:      Compensated Absences Payable**

The Library has an accumulated liability as of June 30, 2022 for unused sick, personal and vacation pay amounting to \$69,659. This is an increase of \$8,829 from the prior year. No portion of this liability is expected to be paid out during the next twelve months.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8:**      **Retirement Plan**

- A.      **Plan Description and Benefits Provided:**      The Elwood Public Library participates in the New York State and Local Employees' Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Elwood Public Library also participates in the Public Employees' Group Term Life Insurance plan (GTLI), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php)
- B.      **Benefits Provided:**      The System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8:**      **Retirement Plan: (continued)**

**B.      Benefits Provided: (continued)**

Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

*Tiers 3, 4, and 5*

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3, 4 and 5 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8:**     **Retirement Plan: (continued)**

**B.**     **Benefits Provided: (continued)**

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

*Disability Retirement Benefits*

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members' tier, years of service, and plan.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8:**     **Retirement Plan: (continued)**

**B.     Benefits Provided: (continued)**

*Post-Retirement Benefit Increases (Continued)*

An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

- C.     Contributions:** The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required. The required contribution for the current fiscal year was \$95,780, for the 2021 fiscal year it was \$90,290, and for the 2020 fiscal year it was \$83,490.

- D.     Pension Assets, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions:** At June 30, 2022, the Elwood Public Library reported an asset of \$166,520 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension asset was determined by an actuarial valuation as of that date. The Elwood Public Library's proportion of the net pension asset was based on a projection of the Elwood Public Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the Elwood Public Library's proportion was 0.0020370 percent, which was a decrease of .0001414 percent from its proportion measured at June 30, 2021.

For the year ended June 30, 2022, the Elwood Public Library recognized pension income of \$146.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8:**     **Retirement Plan** (continued)

**D.**     **Pension Assets, Pension Expenses, Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions: (continued)**

At June 30, 2022, the Elwood Public Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Difference between expected and actual experience	\$ 12,611	\$ 16,357
Changes in assumptions	277,903	4,689
Net difference between projected and actual investment earnings on pension plan investments	0	545,282
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,105	14,833
Library's contributions subsequent to the measurement date	<u>17,149</u>	<u>0</u>
Total	<u><u>\$ 311,768</u></u>	<u><u>\$ 581,161</u></u>

\$17,149 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Amount Recognized</u></b>
2023	\$ (46,716)
2024	(64,508)
2025	(143,672)
2026	(31,646)
2027	<u>0</u>
Total	<u><u>\$ (286,542)</u></u>

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8:**     **Retirement Plan** (continued)

- E.     Actuarial Assumptions:**     The total pension asset at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension asset to March 31, 2022. The actuarial valuation (prepared for the NYS Retirement System as a whole) used the following actuarial assumptions:

Inflation	2.70%
Salary increases	4.40%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost-of-living adjustments	1.40%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8:**     **Retirement Plan** (continued)

**E.**     **Actuarial Assumptions: (continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Opportunistic portfolio	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.80%
Fixed income	23.00%	0.00%
Cash	1.00%	(1.00%)
Total	100.00%	

The real rate of return is net of the long-term inflation assumption of 2.5%

*Discount Rate* – The discount rate used to measure the total pension asset was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8:**      **Retirement Plan** (continued)

**E.**      **Actuarial Assumptions:** (continued)

*Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption* – The following presents the current-period net pension asset of the Library, calculated using the current-period discount rate assumption of 5.9 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (4.9 percent) or 1 percentage- point higher (6.9 percent) than the current assumption:

	<b><u>1%</u></b> <b><u>Decrease</u></b> <b><u>(4.9%)</u></b>	<b><u>Current</u></b> <b><u>Assumption</u></b> <b><u>(5.9%)</u></b>	<b><u>1%</u></b> <b><u>Increase</u></b> <b><u>(6.9%)</u></b>
Library's proportionate share of the net pension asset	\$ 428,620	\$ (166,520)	\$ (664,325)

*Pension plan fiduciary net position* – The components of the current year net pension liability of the New York State and Local Retirement System as of March 31, 2022, in thousands of dollars was as follows:

	<b><u>Total</u></b>
Employers' total pension liability	\$ 223,874,888
Plan net position	<u>(232,049,473)</u>
Employers' net pension asset	<u>\$ (8,174,585)</u>
Ratio of plan net position to the Employers' total pension liability	103.65%

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9: Lease Liability**

The Library entered into a real estate lease agreement and a copier lease agreement. The agreements qualify as other than short-term leases under GASB No. 87 and, therefore, have been recorded at the present value of the future minimum payments as of the date of inception.

An amendment to its real estate agreement was executed on November 30, 2017 and requires 120 monthly payments starting at \$25,000 per month and increases to \$32,376 over the ten-year term. The lease liability is measured at a discount rate of 2.56%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$1,811,733 at June 30, 2022.

The copier lease agreement was executed on March 14, 2019 and requires 60 monthly payments of \$236. The lease liability is measured at a discount rate of 2.52%, which is the Applicable Federal Rate. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$4,843 at June 30, 2022.

The future minimum lease obligations and the present value of these minimum lease payments as of June 30, 2022, are as follows:

<b><u>Year Ended June 30,</u></b>	<b><u>Principal Payments</u></b>	<b><u>Interest Payments</u></b>	<b><u>Total Payments</u></b>
2023	\$ 286,677	\$ 43,155	\$ 329,832
2024	308,186	35,653	343,839
2025	328,997	27,433	356,430
2026	337,518	18,912	356,430
2027	362,386	10,083	372,469
2028	192,812	1,442	194,254
2029	0	0	0
Total	<u>\$ 1,816,576</u>	<u>\$ 136,678</u>	<u>\$ 1,953,254</u>

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10: Post-employment Benefits Other Than Pensions**

- A. **Plan Description:** The New York State Department of Civil Service (DCS) administers the New York Health Insurance Program (NYSHIP) which provides health insurance to current and retired employees of New York State, and participating public authorities and local governmental units, such as the Elwood Public Library. NYSHIP offers comprehensive hospital, medical and prescription drug benefits. As administrator of NYSHIP, the DCS performs all administrative tasks and has the authority to establish and amend the benefit provisions offered. Annual benefit premiums charged to and paid by participating local governmental entities are generally the same, regardless of each individual employer's risk profile. The annual benefit premiums collected by DCS are then remitted to the health insurance carriers that comprise NYSHIP. NYSHIP is considered an agent multiple-employer defined benefit plan, it is not a separate entity or trust, and does not issue stand-alone financial statements. The Library, as a participant in the plan, recognizes these postemployment benefits on an accrual basis.
- B. **Funding Policy:** Contribution requirements are determined by the Library Board. Currently, if the employee was hired prior to December 1, 2009, the Library will pay 90% of the amount for an individual policy premium and 75% for a family policy. If the employee was hired after December 1, 2009, the Library will pay 75% of the amount for an individual policy premium and 50% for a family policy.

For the year ending June 30, 2022, the Library recognized the cost of providing health insurance by recording its share of retiree insurance premiums of \$12,673 as an expenditure in the General Fund. Elwood Public Library also reimburses retired employees and their spouses the full cost of Medicare deducted from their Social Security benefits, which amounted to \$4,158.

As of July 1, 2021, the following employees were covered by the benefit terms:

Active employees	7
Inactive employees entitled to but not yet receiving benefit payments	0
Inactive employees or beneficiaries currently receiving benefit payments	<u>3</u>
Total	<u><u>10</u></u>

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10: Post-employment Benefits Other Than Pensions (continued)**

**C. Total Other Post-employment Benefit (OPEB) Liability:** The Library's total OPEB liability of \$1,323,092 was updated through June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

**D. Actuarial Assumptions and Other Inputs:**

Inflation	2.00%
Annual Payroll Increase	2.50%
Discount Rate	3.54%
2021 Medical Trend Rates (Pre-65/Post-65)	7.00% / 5.00%
2022 Medical Trend Rates (Pre-65/Post-65)	6.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Year Reached (Pre-65/Post-65)	2025/2021

The discount rate was based on the *Bond Buyer's 20 Bond Index* as of June 30, 2022.

Mortality rates were based on the Society of Actuaries' RPH-2014 Total Dataset head count-weighted fully generational mortality table with projection scale MP-2021.

**E. Changes in the Total OPEB Liability:**

Balance at June 30, 2021	\$ <u>1,486,012</u>
Changes for the year:	
Service cost	95,600
Interest	34,994
Changes in benefit terms	0
Differences between expected and actual experience	138,097
Changes in assumptions and other inputs	(409,152)
Benefit payments	<u>(22,459)</u>
Net changes	<u>(162,920)</u>
Balance at June 30, 2022	\$ <u><u>1,323,092</u></u>

Note: For the purpose of calculating this liability, there have been no plan changes. The assumption changes were the updating of the pre-65 healthcare cost trend rates and the mortality improvement scale. The discount rate was 2.16% at June 30, 2021 and was 3.54% at June 30, 2022.

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10: Post-employment Benefits Other Than Pensions (continued)**

**E. Changes in the Total OPEB Liability: (continued)**

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	<b>1% Decrease (2.54%)</b>	<b>Discount Rate (3.54%)</b>	<b>1% Increase (4.54%)</b>
Total OPEB Liability	\$ 1,546,310	\$ 1,323,092	\$ 1,140,233

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* – The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower (5.50% decreasing to 4.00%) or 1 percentage point higher (7.50% decreasing to 6.00%) than the current healthcare cost trend rate:

	<b>1% Decrease (5.50% Decreasing to 4.00%)</b>	<b>Healthcare Cost Trend Rate (6.50% Decreasing to 5.00%)</b>	<b>1% Increase (7.50% Decreasing to 6.00%)</b>
Total OPEB Liability	\$ 1,092,490	\$ 1,323,092	\$ 1,619,345

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10: Post-employment Benefits Other Than Pensions (continued)**

- F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB:** For the year ending June 30, 2022, the Library recognized OPEB expense of \$111,849.

At June 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between expected and actual experience	\$ 122,368	\$ 67,480
Changes in assumptions	<u>209,646</u>	<u>410,829</u>
Total	<u>\$ 332,014</u>	<u>\$ 478,309</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to post-employment benefits other than pensions will be recognized in other post-employment benefits expense as follows:

<b><u>Year Ending June 30,</u></b>	<b><u>Amount Recognized</u></b>
2023	\$ (18,745)
2024	(18,745)
2025	(18,745)
2026	(18,745)
2027	(18,745)
Thereafter	<u>(52,570)</u>
Total	<u>\$ (146,295)</u>

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11: Reconciliation of Fund Financial Statements to Government-Wide Financial Statements**

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net position and changes in net position of the governmental activities reported in the statement of net position and statement of activities. This difference primarily results from the long-term economic focus of the statement of net position and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net position and the net change in fund balance to the net change in net position:

<b>Total Fund Balance - Modified Accrual Basis</b>	\$ 1,357,592
Amounts reported in the statement of net position are different because:	
• Net pension assets are not financial resources, and are not reported in the funds	166,520
• Right to use assets are not financial resources, and are not reported in the funds	1,816,576
• Capital assets are not financial resources, and are not reported in the funds	8,452
• Deferred outflows on other post-employment benefits (OPEB) is not reported in the funds	332,014
• Deferred outflow on pension is not reported in the funds	311,768
• Lease liability payments due in future periods are not reported in the funds	(1,816,576)
• Compensated absences are included as a liability	(69,659)
• Obligation for post-employment health insurance, to be paid in future periods is not reported in the funds	(1,323,092)
• Deferred inflows on other post-employment benefits (OPEB) is not reported in the funds	(478,309)
• Deferred inflow on pension is not reported in the funds	<u>(581,161)</u>
<b>Total Net Position - Full Accrual Basis</b>	<u><u>\$ (275,875)</u></u>

**ELWOOD PUBLIC LIBRARY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11:**    **Reconciliation of Fund Financial Statements to Government-Wide Financial Statements (continued)**

<b>Net Change in Fund Balance - Modified Accrual Basis</b>	<b>\$ 65,169</b>
Amounts reported in the statement of activities are different because:	
• Capital outlays are reported as expenditures in the statement of revenue, expenditures, and changes in fund balance; in the statement of activities, these costs are allocated over their estimated useful lives:	
Capital outlay	0
Depreciation expense	(4,890)
Amortization expense	(279,440)
• (Increase)/decrease in the items reported as expenditures in the statements of activities, not in the fund statements:	
Compensated absences	(8,829)
Post-employment health costs	(89,390)
NYS Retirement pension costs	87,853
• Repayment of long-term debt is not an expense in the statement of activities, rather a reduction of the liability:	
Principal paid on lease liability	<u>279,440</u>
<b>Change in Net Position - Full Accrual Basis</b>	<b><u>\$ 49,913</u></b>



**ELWOOD PUBLIC LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Tax revenues	\$ 1,636,214	\$ 1,636,214	\$ 1,636,214	\$ 0
<b>Operating Revenue:</b>				
Fines and other fees	0	0	37	37
Payments in lieu of taxes	12,886	12,886	12,079	(807)
NY State aid and grants	3,000	3,000	3,814	814
Interest income	3,000	3,000	1,053	(1,947)
Lost materials	200	200	1,307	1,107
Copier	3,000	3,000	1,337	(1,663)
Gifts and donations	3,000	3,000	976	(2,024)
E-rate discount	3,000	3,000	5,385	2,385
<b>Total Operating Revenue</b>	<u>28,086</u>	<u>28,086</u>	<u>25,988</u>	<u>(2,098)</u>
<b>Non-Operating Revenue:</b>				
Transfer from unappropriated fund balance	16,045	16,045	0	(16,045)
<b>Total Revenues</b>	<u>\$ 1,680,345</u>	<u>\$ 1,680,345</u>	<u>\$ 1,662,202</u>	<u>\$ (18,143)</u>
<b>Expenditures:</b>				
<b>Salaries And Benefits:</b>				
Salaries	\$ 704,072	\$ 704,072	\$ 695,633	\$ 8,439
Hospital & medical insurance	125,381	125,381	107,765	17,616
Social Security taxes	53,861	53,861	50,690	3,171
NY State retirement	100,902	100,902	87,704	13,198
Workers' compensation insurance	6,000	6,000	4,973	1,027
Disability insurance	350	350	340	10
Other employee benefits	1,000	1,000	1,105	(105)
<b>Total Salaries And Benefits</b>	<u>\$ 991,566</u>	<u>\$ 991,566</u>	<u>\$ 948,210</u>	<u>\$ 43,356</u>

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>				
<b>Library Materials:</b>				
Adult books	\$ 14,000	\$ 14,000	\$ 15,453	\$ (1,453)
Adult reference books	300	300	20	280
Adult DVD's	6,500	6,500	4,288	2,212
Adult audio books - CD	750	750	0	750
Adult music	250	250	0	250
Adult periodicals	6,200	6,200	6,077	123
Young adult books	2,500	2,500	1,044	1,456
Children's books	5,000	5,000	6,986	(1,986)
Children's DVD's	1,000	1,000	346	654
Children's music	150	150	0	150
Lost books	250	250	100	150
Processing supplies	2,000	2,000	1,687	313
Database subscription	23,000	23,000	19,061	3,939
Downloadable resources	62,000	62,000	63,742	(1,742)
Lending library	500	500	925	(425)
S.C.L.S. membership	18,479	18,479	18,602	(123)
<b>Total Library Materials</b>	<u>\$ 142,879</u>	<u>\$ 142,879</u>	<u>\$ 138,331</u>	<u>\$ 4,548</u>

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>				
<b>Programs:</b>				
Adult programs	\$ 16,000	\$ 16,000	\$ 17,188	\$ (1,188)
Young adult programs	3,000	3,000	2,138	862
Children's programs	14,000	14,000	6,998	7,002
Museum passes	2,500	2,500	5,085	(2,585)
<b>Total Programs</b>	<u>35,500</u>	<u>35,500</u>	<u>31,409</u>	<u>4,091</u>
<b>Professional Services:</b>				
Legal fees	3,000	3,000	1,400	1,600
Accounting fees	8,500	8,500	10,833	(2,333)
Other professional fees	2,000	2,000	2,550	(550)
<b>Total Professional Services</b>	<u>13,500</u>	<u>13,500</u>	<u>14,783</u>	<u>(1,283)</u>
<b>Library Operations:</b>				
Telecommunications (frame relay)	10,000	10,000	9,900	100
Office and library supplies	7,500	7,500	5,449	2,051
General office equipment	500	500	1,124	(624)
Circulation system (P.A.L.S.)	9,000	9,000	8,672	328
Printing	14,000	14,000	13,941	59
Publicity and promotional supply	3,000	3,000	4,247	(1,247)
Telephone	3,500	3,500	2,979	521
Postage and mailing	5,500	5,500	4,724	776
Election	3,000	3,000	3,495	(495)
Website and computer maintenance	11,000	11,000	9,767	1,233
Computer software	3,000	3,000	6,125	(3,125)
Payroll processing	3,800	3,800	3,939	(139)
Conferences and workshops	1,500	1,500	122	1,378
Professional memberships	1,500	1,500	1,060	440
Fees and licenses	350	350	222	128
Bank fees	250	250	38	212
<b>Total Library Operations</b>	<u>\$ 77,400</u>	<u>\$ 77,400</u>	<u>\$ 75,804</u>	<u>\$ 1,596</u>

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Balances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures: (continued)</b>				
<b>Building Operations:</b>				
Rent	\$ 327,000	\$ 327,000	\$ 0	\$ 327,000
Fuel and utilities	28,000	28,000	27,349	651
Building service contracts	35,000	35,000	51,708	(16,708)
Insurance	15,000	15,000	14,196	804
Custodial supplies	6,000	6,000	3,226	2,774
Facility repair and maintenance	6,000	6,000	12,588	(6,588)
<b>Total Building Operations</b>	<u>417,000</u>	<u>417,000</u>	<u>109,067</u>	<u>307,933</u>
<b>Capital Outlay:</b>				
Computer equipment	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
<b>Total Capital Outlay</b>	<u>2,500</u>	<u>2,500</u>	<u>0</u>	<u>2,500</u>
<b>Debt Service:</b>				
Principal - building lease	0	0	276,767	(276,767)
Interest - building lease	0	0	50,233	(50,233)
Principal - copier lease	0	0	2,673	(2,673)
Interest - copier lease	<u>0</u>	<u>0</u>	<u>159</u>	<u>(159)</u>
<b>Total Debt Service</b>	<u>0</u>	<u>0</u>	<u>329,832</u>	<u>(329,832)</u>
<b>Total Expenditures</b>	<u>1,680,345</u>	<u>1,680,345</u>	<u>1,647,436</u>	<u>32,909</u>
<b>Excess Of Revenues Over Expenditures</b>	0	0	14,766	14,766
<b>Other Financing Uses:</b>				
Transfer to Capital Projects Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess Of Revenues Over Expenditures And Other Financing Uses</b>	0	0	14,766	14,766
Budgetary fund balance - beginning of year	<u>1,028,443</u>	<u>1,028,443</u>	<u>1,028,443</u>	<u>1,028,443</u>
<b>Budgetary Fund Balance - End Of Year</b>	<u>\$ 1,028,443</u>	<u>\$ 1,028,443</u>	<u>\$ 1,043,209</u>	<u>\$ 1,043,209</u>

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**NYSLRS PENSION PLAN**  
**FOR THE 2022 FISCAL YEAR\*\***

	2022	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset)	0.00204%	0.00218%	0.00218%	0.00225%	0.00227%	0.00241%	0.00228%	0.00243%
Library's proportionate share of the net pension liability (asset)	\$ (166,520)	\$ 2,169	\$ 576,083	\$ 159,296	\$ 73,389	\$ 226,424	\$ 366,140	\$ 109,736
Library's covered-employee payroll	\$ 587,389	\$ 627,481	\$ 586,034	\$ 563,656	\$ 550,059	\$ 534,353	\$ 491,308	\$ 542,310
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(28.349%)	0.3457%	98.3020%	28.2612%	13.3420%	42.3735%	74.5235%	20.2349%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

\*\* The amounts presented for the fiscal year were determined as of the March 31st that occurred within the fiscal year.

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS**  
**NYSLRS PENSION PLAN**  
**FOR THE 2022 FISCAL YEAR**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 95,780	\$ 90,290	\$ 83,490	\$ 81,101	\$ 80,738	\$ 79,364	\$ 73,241	\$ 100,323
Contributions in relation to the contractually required contribution	<u>95,780</u>	<u>90,290</u>	<u>83,490</u>	<u>81,101</u>	<u>80,738</u>	<u>79,364</u>	<u>73,241</u>	<u>100,323</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Library's covered-employee payroll	\$ 587,389	\$ 627,481	\$ 586,034	\$ 563,656	\$ 550,059	\$ 534,353	\$ 491,308	\$ 542,310
Contributions as a percentage of covered-employee payroll	16.31%	14.39%	14.25%	14.39%	14.68%	14.85%	14.91%	18.50%

The accompanying notes are an integral part of the financial statements.

**ELWOOD PUBLIC LIBRARY**  
**SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB**  
**LIABILITY AND RELATED RATIOS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 95,600	\$ 105,607	\$ 78,250	\$ 87,030	\$ 84,907
Interest	34,994	32,208	38,364	35,946	33,027
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	138,097	0	(93,703)	0	0
Changes in assumptions or other inputs	(409,152)	13,096	276,538	(73,193)	0
Benefit payments	<u>(22,459)</u>	<u>(33,077)</u>	<u>(27,447)</u>	<u>(29,794)</u>	<u>(23,871)</u>
Net Change in total OPEB liability	(162,920)	117,834	272,002	19,989	94,063
Total OPEB liability- beginning	<u>1,486,012</u>	<u>1,368,178</u>	<u>1,096,176</u>	<u>1,076,187</u>	<u>982,124</u>
Total OPEB liability- ending	<u>\$ 1,323,092</u>	<u>\$ 1,486,012</u>	<u>\$ 1,368,178</u>	<u>\$ 1,096,176</u>	<u>\$ 1,076,187</u>
Covered-employee payroll	\$ 478,344	\$ 515,913	\$ 503,330	\$ 407,052	\$ 397,124
Total OPEB liability as a % of covered-employee payroll	276.60%	288.04%	271.83%	269.30%	271.00%

Notes to schedule:

Changes of benefit terms: None

Changes of assumptions:

Discount rate	3.54%	2.16%	2.21%	3.50%	3.13%
Mortality Improvement Scale	MP-2021	MP-2019	MP-2019	MP-2016	MP-2016
Pre-65 Trend Rate	7.0% down to 5.0%	7.0% down to 4.5%	7.5% down to 4.5%	8.5% down to 5.0%	9.0% down to 5.0%

The accompanying notes are an integral part of the financial statements.